

IC 27-11-5

Chapter 5. Governance

IC 27-11-5-1

Amendment of laws of domestic society

Sec. 1. (a) A domestic society may amend its laws in accordance with the provisions of the domestic society by action of its supreme governing body at any regular or special meeting of the domestic society or, if its laws provide, by referendum. The referendum may be held in accordance with the provisions of its laws by the vote of the voting members of the society, by the vote of delegates or representatives of voting members, or by the vote of local lodges. A society may provide for voting by mail. No amendment submitted for adoption by referendum shall be adopted unless, within six (6) months from the date of submission of the amendment, a majority of the members voting shall have signified their consent to the amendment.

(b) No amendment to the laws of any domestic society shall take effect unless approved by the commissioner, who shall approve the amendment if the commissioner finds that it has been duly adopted and is not inconsistent with any requirement of the laws of this state or with the character, objects, and purposes of the society. Unless the commissioner disapproves any amendment within sixty (60) days after the filing of the amendment, the amendment shall be considered approved. The approval or disapproval of the commissioner shall be in writing and mailed to the secretary or corresponding officer of the society at its principal office. In case the commissioner disapproves the amendment, the reasons for the disapproval shall be stated in the written notice.

(c) Within ninety (90) days from the approval of an amendment by the commissioner, all such amendments, or a synopsis thereof, shall be furnished to all members of the society either by mail or by publication in full in the official publication of the society. The affidavit of any officer of the society or of anyone authorized by it to mail any amendments or synopsis of the amendments stating facts that show that the amendments have been duly addressed and mailed, is prima facie evidence that the amendments or synopsis of the amendments have been furnished the addressee.

(d) Every foreign or alien society authorized to do business in this state shall file with the commissioner a duly certified copy of all amendments of, or additions to, its laws within ninety (90) days after the enactment of same.

(e) Printed copies of the laws as amended, certified by the secretary or corresponding officer of the society, shall be prima facie evidence of the legal adoption thereof.

As added by P.L.262-1985, SEC.1.

IC 27-11-5-2

Operation of not-for-profit institutions

Sec. 2. A society may create, maintain, and operate or may

establish organizations to operate not-for-profit institutions to further the purposes permitted by IC 27-11-2-3. Such institutions may furnish services free or at a reasonable charge. Any real or personal property owned, held, or leased by the society for this purpose shall be reported in every annual statement.

As added by P.L.262-1985, SEC.1.

IC 27-11-5-3

Reinsurance agreements

Sec. 3. (a) A domestic society may by a reinsurance agreement cede any individual risk or risks in whole or in part to an insurer (other than another fraternal benefit society) having the power to make the reinsurance and authorized to do business in this state or, if not so authorized, one that is approved by the commissioner, but no society may reinsure substantially all of its insurance in force without the written permission of the commissioner. It may take credit for the reserves on the ceded risks to the extent reinsured, but no credit shall be allowed as an admitted asset or as a deduction from liability to a ceding society for reinsurance made, ceded, renewed, or otherwise becoming effective after December 31, 1985, unless the reinsurance is payable by the assuming insurer on the basis of the liability of the ceding society under the contract or contracts reinsured without diminution because of the insolvency of the ceding society.

(b) Notwithstanding the limitation in subsection (a), a society may reinsure the risks of another society in a consolidation or merger approved by the commissioner under section 4 of this chapter.

As added by P.L.262-1985, SEC.1.

IC 27-11-5-4

Consolidation or merger

Sec. 4. (a) A domestic society may consolidate or merge with any other society by complying with this section. It shall file with the commissioner:

- (1) a certified copy of the written contract containing in full the terms and conditions of the consolidation or merger;
- (2) a sworn statement by the president and secretary or corresponding officers of each society showing the financial condition of the society on a date fixed by the commissioner, but not earlier than December 31 next preceding the date of the contract;
- (3) a certificate of the officers, verified by their respective oaths, that the consolidation or merger has been approved by a two-thirds (2/3) vote of the supreme governing body of each society, the vote being conducted at a regular or special meeting of each body, or, if the society's laws permit, by mail; and
- (4) evidence that, at least sixty (60) days before the action of the supreme governing body of each society, the text of the contract has been furnished to all members of each society either by mail or by publication in full in the official publication

of each society.

(b) If the commissioner finds that:

- (1) the contract is in conformity with this section;
- (2) the financial statements are correct; and
- (3) the consolidation or merger is just and equitable to the members of each society;

the commissioner shall approve the contract and issue a certificate to that effect. Upon approval, the contract shall be in full force and effect unless any society that is a party to the contract is incorporated under the laws of any other state or territory. In that event, the consolidation or merger shall not become effective unless and until it has been approved as provided by the laws of the state or territory and a certificate of approval has been filed with the commissioner or, if the laws of the state or territory contain no such provision, then the consolidation or merger shall not become effective unless and until it has been approved by the commissioner of that state or territory and a certificate of approval has been filed with the commissioner of this state.

(c) Upon the consolidation or merger becoming effective, all the rights, franchises, and interests of the consolidated or merged societies in and to every species of property, real, personal, or mixed, and things in action thereunto belonging shall be vested in the society resulting from or remaining after the consolidation or merger without any other instrument, except that conveyances of real property may be evidenced by proper deeds, and the title to any real estate or interest therein, vested under the laws of this state in any of the societies consolidated or merged, shall not revert or be in any way impaired by reason of the consolidation or merger, but shall vest absolutely in the society resulting from or remaining after the consolidation or merger.

(d) The affidavit of any officer of the society or of anyone authorized by it to mail any notice or document, stating that the notice or document has been duly addressed and mailed, is prima facie evidence that the notice or document has been furnished the addressees.

As added by P.L.262-1985, SEC.1.

IC 27-11-5-5

Conversion and licensing as mutual life insurance company

Sec. 5. Any domestic fraternal benefit society may be converted and licensed as a mutual life insurance company by compliance with all the requirements of the insurance law for mutual life insurance companies. A plan of conversion shall be prepared in writing by the board of directors setting forth in full the terms and conditions of conversion. The affirmative vote of two-thirds (2/3) of all members of the supreme governing body at a regular or special meeting shall be necessary for the approval of the plan. No conversion shall take effect unless and until approved by the commissioner, who may give the approval if the commissioner finds that the proposed change is in conformity with the requirements of law and not prejudicial to the

certificate holders of the society.
As added by P.L.262-1985, SEC.1.